GUNDAKER COMMERCIAL GROUP

Office Trends Report - First Quarter 2011
St. Louis, MO

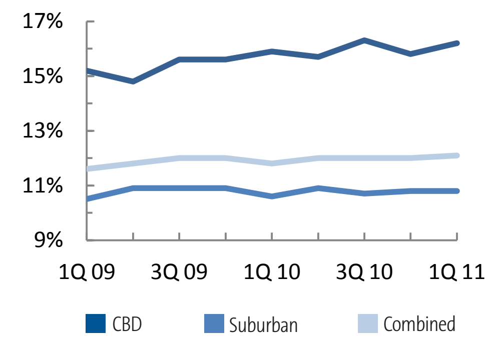
Signs of Life in First Quarter

The first quarter of 2011 in the St. Louis office market brought little change in the trends that were prevalent in 2010. However, there were some signs of life that could bode well for the future. Consumer confidence seems to be on the upswing as the economy continues to rebound. This growing confidence is reflected in longer term lease commitments throughout the area. This marks a stark difference from mid 2008 through the end of 2010 when tenants chose short term solutions and a 'wait and see' type strategy. With these longer term commitments, tenants are able to take advantage of soft conditions that may not be there in the next year. With no new construction on the horizon, increasing demand will eventually start to catch up with the existing supply, and with that, the 'tenant-friendly' deals of the last two to three years will become less so. Tenants are becoming aware of this and the first quarter saw much activity with tenants getting out and evaluating their options.

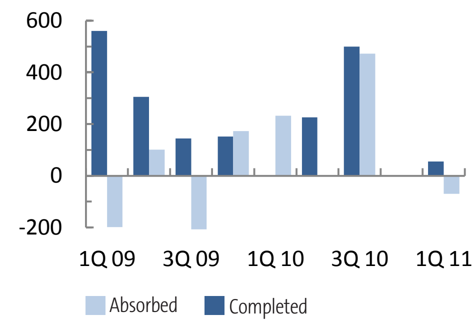
The Central Business District is considered the 'softest' of all the major St. Louis office submarkets but it saw quite a bit of activity in the first quarter. The largest lease of 2011 by a substantial margin was Peabody's 15-year lease at the Gateway One building at 701 Market Street. Peabody will expand to occupy almost 220,000 square feet, up almost 60,000 square feet. Foresight Energy provided more positive absorption by moving into the area and leasing 16,000 square feet at Metropolitan Square. The first quarter also saw 500 North Broadway bought by local owner Bob Guller for approximately $8.00 per square foot. Guller plans on repositioning the property through much renovation and upgrades throughout the building.

Clayton remains the strongest submarket in the area with the consolidation of Lathrop & Gage at 7701 Forsyth for a 10-year commitment among the largest transactions in the first quarter. The West County submarket has shown signs of stabilization with the 10-year renewal of AMDOCS at 1390 Timberlake Manor Parkway being the largest transaction in that submarket so far this year.

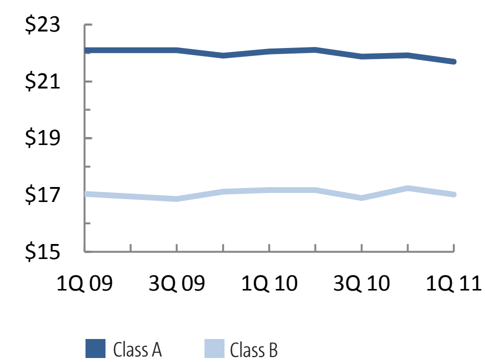
Vacancy Rate



Completions vs. Absorption
(in Thousands of SF)



Quoted Rental Rates
($/SF/Yr. Full Service)



Gundaker Commercial Group
100 Chesterfield Business Parkway
Suite 300, Chesterfield, MO 63005
636.728.5100 www.gundakercommercial.com

Prepared by:
Joe Rohlman *Senior Creative Designer*
636.728.5161 • jrohlman@gundakercommercial.com

Liz Kinnear *Director of Research*
636.728.5100 • lkinnear@gundakercommercial.com

Office Trends Report - First Quarter 2011
St. Louis, MO

Market	Existing Inventory		Vacancy			YTD Net	YTD	Under	Quoted
	# Blds	Total RBA	Direct SF	Total SF	Vac %	Absorption	Deliveries	Const SF	Rates
Airport	75	5,063,375	145,814	145,814	2.9%	(4,951)	0	0	$13.79
Brentwood/Maplewood	199	1,912,491	235,237	235,237	12.3%	(10,596)	0	0	$17.36
Bridgeton/I-70	106	2,337,233	408,748	408,748	17.5%	(1,196)	0	0	$16.81
CBD	235	29,126,479	4,683,233	4,748,333	16.3%	(99,745)	0	0	$16.59
Chesterfield/Hwy-40	187	8,184,126	891,921	943,056	11.5%	15,682	0	2,842	$21.78
Clayton	201	10,451,957	1,038,720	1,070,075	10.2%	(2,739)	0	0	$23.22
Creve Coeur/Hwy-67	169	4,083,582	496,452	496,452	12.2%	34,858	0	0	$17.52
Earth City/Riverport	55	3,241,083	648,229	676,007	20.9%	(1,826)	0	0	$18.98
Fenton	48	2,974,416	110,721	112,946	3.8%	718	0	0	$19.41
I-270/Maryland Heights	133	6,187,560	664,503	664,503	10.7%	21,639	0	0	$17.08
I-270/Olive Blvd	124	5,475,757	648,432	648,432	11.8%	11,351	0	0	$21.40
Illinois	1,155	9,182,307	930,896	948,751	10.3%	(56,519)	12,100	7,700	$17.79
Kirkwood/Frontenac	133	2,122,733	198,401	200,101	9.4%	35,233	43,456	0	$21.21
Manchester/I-270	66	3,164,523	224,268	224,268	7.1%	(32,402)	0	0	$20.74
North County	187	2,960,048	427,666	427,666	14.4%	(4,928)	0	858,456	$14.00
South County	291	5,136,476	383,811	484,169	9.4%	2,983	0	0	$18.69
St Charles County	730	9,465,508	1,450,406	1,479,670	15.6%	(21,100)	0	0	$15.79
St Louis City	630	15,436,102	1,328,281	1,328,281	8.6%	42,023	0	300,000	$13.87
West County	216	1,723,074	212,862	212,862	12.4%	1,997	0	0	$17.75
Totals	**4,940**	**128,228,830**	**15,128,601**	**15,455,371**	**12.1%**	**(69,518)**	**55,556**	**1,168,998**	**$18.20**

Source: CoStar Property©

Gundaker Commercial Office Team

Rebekah Bahn, Esq., CCIM
Vice President
636.728.5109
rbahn@gundakercommercial.com

Robert Busch, Esq., CCIM
Vice President
636.728.5129
rbusch@gundakercommercial.com

Andrew T. Bagy
Vice President
636.728.5130
abagy@gundakercommercial.com

OFFICE TERMS AND DEFINITIONS

Methodology: Statistics are calculated using CoStar Group's entire database of existing and under construction office buildings. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings.

Office Building Classifications: Class A is used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Class B is used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Class C is used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market.

Vacancy Rate: A measurement expressed as a percentage of total amount of physically vacant space divided by the total amount of existing inventory. This includes direct and sublease vacant. Under construction space generally is not included in vacancy calculations.

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Net Absorption: The net change in occupied space over a given period of time. This includes direct and sublease space.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease. The rates are all reported in Full Service equivalent which includes all operating expenses such as utilities, electricity, janitorial services, taxes, and insurance.